

Message Text

LIMITED OFFICIAL USE

PAGE 01 MANILA 12700 121430Z

44

ACTION EA-14

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-07 H-03 INR-10 L-03

NSAE-00 NSC-10 PA-04 RSC-01 PRS-01 SPC-03 SS-20

USIA-15 ACDA-19 IO-14 EB-11 COME-00 INT-08 SCEM-02

SCI-06 OMB-01 TRSE-00 NEA-10 AF-10 EUR-25 DRC-01 /199 W

----- 099881

R 121012Z NOV 73

FM AMEMBASSY MANILA

TO SECSTATE WASHDC 9118

INFO AMEMBASSY BANGKOK

AMEMBASSY JAKARTA

AMEMBASSY KUALA LUMPUR

AMEMBASSY SINGAPORE

AMEMBASSY TOKYO

LIMITED OFFICIAL USE MANILA 12700

E.O. 11652: NA

TAGS: EIND, ENRG, RP

SUBJECT: GOP ESTABLISHES NATIONAL OIL COMPANY

REF: STATE 216846

SUMMARY: BY PRESIDENTIAL DECREE 334 PHILIPPINE
NATIONAL OIL COMPANY (PNOC) ESTABLISHED NOVEMBER 11.
MODELED AFTER INDONESIA'S PERTAMINA, COMPANY WILL
COORDINATE ALL MATTERS CONCERNED WITH PETROLEUM
INCLUDING PURCHASE OF CRUDE, EXPLORATION, ACQUI-
SITION AND/OR LEASE OF EXPLORATION EQUIPMENT AND
INVESTING IN PETROLEUM OPERATIONS. RELATIONSHIP
WITH OTHER GOP ENTITIES IN PETROLEUM FIELD MUST
STILL BE WORKED OUT. ACCORDING PRESS ACCOUNT,
IMPLEMENTING REGULATIONS FOR NEW COMPANY ARE TO BE
WORKED OUT WITHIN 6 MONTHS. END SUMMARY.

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 MANILA 12700 121430Z

1. AS OUTLINED IN GOP PRESS RELEASE FUNCITONS OF

PNOC WILL BE:

A) UNDERTAKE, BY ITSELF OR OTHERWISE, THE
EXPLORATION, EXPLOITATION AND DEVELOPMENT OF ALL
POTENTIAL OIL AREAS IN THE COUNTRY.

B) ENTER INTO CONTRACTS FOR ACQUISITION OR LEASE
OF EQUIPMENT OR SERVICES IN CONNECTION WITH SUCH
FUNCTION.

C) ISSUE BONDS OR CONTRACT LOANS, CREDIT,
INDEBTEDNESS, INCLUDING SUPPLIERS' CREDIT OR OTHER
DEFERRED PAYMENT ARRANGEMENT UPON RECOMMENDATION OF
NATIONAL ECONOMIC AND DEVELOPMENT AUTHORITY AND APPROVAL
OF PRESIDENT.

D) INVEST FUNDS IN ANY PETROLEUM OPERATION.

E) ENGAGE IN IMPORT OR EXPORT BUSINESS OF OIL AND
ITS BY-PRODUCTS.

F) ADMINISTER GOVERNMENT SHARES IN ANY SERVICE
CONTRACT ENTERED INTO BY PETROLEUM BOARD.

G) ACQUIRE ASSETS OR INTERESTS IN THE CONDUCT
OF ITS BUSINESS.

H) ESTABLISH AND MAINTAIN COMMUNICATIONS SYSTEMS
BY RADIO, TELEGRAPH OR ANY OTHER MANNER, WITHOUT NEED OF
SEPARATE FRANCHISE BUT SUBJECT TO EXISTING REGULATIONS.

I) DETERMINE ORGANIZATIONAL STRUCTURE AND NUMBER
AND SALARIES OF ITS STAFF.

J) ESTABLISH OR MAINTAIN OFFICES, BRANCHES,
AGENCIES, SUBSIDIARIES, CORRESPONDENTS OR UNITS ANYWHERE.

K) PROMULGATE RULES AND REGULATIONS THAT MAY BE NECESSARY FOR
ITS OPERATION, INCLUDING THOSE ON EMINENT DOMAIN, CODE OF
BY-LAWS AND ADOPTION OF A CORPORATE SEAL.

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 MANILA 12700 121430Z

2. PNOC WILL HAVE FOUR DEPARTMENTS-- EXPLORATION AND
PRODUCTION, REFINING AND PETROCHEMICAL , TRADE AND MARKETING,
SHIPPING AND TRANSPORT --AND IS AUTHORIZED TO ESTABLISH AND
MAINTAIN TECHNICAL SCHOOL FOR TRAINING OF ITS MANPOWER. IT WILL
BE ATTACHED TO NATIONAL ECONOMIC AND DEVELOPMENT
AUTHORITY AND GOVERNED BY FIVE-MAN BOARD. EXECUTIVE
OFFICERS WILL BE CHOSEN BY BOARD FROM AMONG ITS MEMBERS.
PRESS REPORTS BELIEF IN GOP CIRCLES THAT WHOEVER HEADS COMPANY

WILL BE VIRTUAL "OIL CZAR" OF PHILIPPINES.

3. COMMENT: IMMEDIATE AIM OF PNOC BELIEVED TO BE TO
ENABLE GOP PURCHASE CRUDE ON GOVERNMENT TO GOVERNMENT BASIS
FROM SAUDI ARABIA AND OTHER ME PRODUCING COUNTRIES. PRESIDENT
MARCOS TOLD PRESS NOV 10 PHILL MISSION WAS OPTIMISTIC ABOUT
ARRANGING SUCH PURCHASE. NEW ENTITY WILL ALSO PROVIDE MECHANISM
FOR GOP INVESTMENT IN EXPLORATION AND DOWNSTREAM FACILITIES.
RELATIONSHIP OF NEW GOP ENTITY TO OIL INDUSTRY COMMISSION,
PETROLEUM BOARD, AND GOVERNMENT MAJORITY-OWNED FILOIL REFINERY
CORP. MUST STILL BE WORKED OUT, AS WELL AS INTERNAL ORGANIZATION
AND STAFFING OF PNOC ITSELF, ALL OF WHICH LIKELY TAKE
CONSIDERABLE TIME.
SULLIVAN

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PETROLEUM INDUSTRY, SUPPLIES, GOVERNMENT CORPORATIONS, PETROLEUM REFINING
Control Number: n/a
Copy: SINGLE
Draft Date: 12 NOV 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: elyme
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973MANILA12700
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: n/a
From: MANILA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19731140/aaaabdco.tel
Line Count: 129
Locator: TEXT ON-LINE
Office: ACTION EA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: STATE 216846
Review Action: RELEASED, APPROVED
Review Authority: elyme
Review Comment: n/a
Review Content Flags:
Review Date: 14 NOV 2001
Review Event:
Review Exemptions: n/a
Review History: RELEASED <14-Nov-2001 by willialc>; APPROVED <13-Dec-2001 by elyme>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: GOP ESTABLISHES NATIONAL OIL COMPANY
TAGS: EIND, ENRG, RP, PNOG
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005